

## PacifiCorp and utility watchdog settle suit

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**Utah's** utility watchdog announced Friday it had settled a lawsuit with PacifiCorp, a deal the group said will result in \$32 million in future cost savings to **Utah** customers.

The **Utah** Committee of Consumer Services in October 2005 filed a request with the state Public Service Commission, claiming that PacifiCorp had collected more money than it needed to pay its federal income taxes and that customers should get back their share of the overpayment -- about \$50 million.

The committee argued that a 2004 U.S. Securities and Exchange Commission audit found that PacifiCorp, parent company of Utah Power, had been "over-collecting income tax costs in Utah rates" since the company's merger with Scottish Power in 1999. The audit ordered that \$225.7 million in misappropriated monies be re-allocated back to PacifiCorp, and the committee estimated that more than \$50 million of that amount was collected from Utah ratepayers. It asked the PSC to make PacifiCorp give the money back to customers.

PacifiCorp denied the group's allegations, arguing that it figured its tax costs based on long-standing procedure. Further, the company said, the committee knew about the SEC audit findings and had two chances to bring the issue before the PSC during rate adjustment proceedings but didn't.

On Friday, the committee said in a statement that it, the Utah Industrial Energy Consumers and PacifiCorp's new parent company, MidAmerican Energy Holdings Co., had settled the matter "on terms that offer future cost savings of approximately \$32 million to Utah ratepayers."

"The parties involved ultimately concluded that it was in the public's best interest to settle the dispute on reasonable terms," the statement said.

According to the terms of the deal, MidAmerican agreed to transfer its \$12.2 million stock ownership in Intermountain Geothermal Co., which operates a power plant near Milford, Beaver County, to PacifiCorp. The company's ownership of IGC's steam fields will, according to the committee, offer customers \$32 million in benefits from a "clean energy resource."

Further, committee director Leslie Reberg said, "this settlement does not compromise any positions regarding the appropriate treatment of income tax expense in future rate cases."